

COIN REDEMPTION FUND.

REMARKS

OF

WILLIAM W. GROUT,
OF VERMONT,

IN THE

HOUSE OF REPRESENTATIVES,

Friday, February 28, 1896.

WASHINGTON.

1896.

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REMARKS
OF
WILLIAM W. GROUT.

The House being in Committee of the Whole and having under consideration the bill (H. R. 6248) making appropriations for the legislative, executive, and judicial expenses of the Government for the fiscal year ending June 30, 1897, and for other purposes—

Mr. GROUT said:

Mr. CHAIRMAN: A sound, stable currency is one of the prime requisites of business prosperity and national strength and independence. No nation with a disordered, fluctuating, or permanently depreciated currency, though all other conditions may be favorable, can ever take high rank as a commercial power. The reason is obvious. The currency of a country always determines values; and stocks, bonds, land, and all personal property of every kind are rated in a given country according to the commercial value of the money standard in that country. If the standard be gold, which is to-day the standard of all the great commercial nations, then the property of such country may be readily exchanged on equal terms with the property or money of all nations having the same standard of value. In other words, such nations can trade on a uniform basis of values, which not only facilitates the exchange, but is at the same time free from all disappointment to either party when the account is stated.

But not so with a country like Mexico, for instance, which has free silver coinage, and where the standard is measured by silver and is of just about one-half the value of the standard of the commercial nations of the earth.

When she sends merchandise to a foreign country of the value of a dollar in her currency she really gets but 50 cents in gold for it.

So it would be in the United States if, like Mexico, we were to go on a silver basis, to which free coinage would inevitably carry us; but of this I will speak in a moment. But I think all will

agree that if we were on a silver basis every bushel of wheat, every pound of butter or pork or beef, and every manufactured article which we might export would bring just about one-half in gold its imputed value here.

Not only this, but all American securities—railway, municipal and State bonds as well as United States bonds—millions of which are now held abroad, would be worth in London, Berlin, and Paris only 50 cents on the dollar in gold. They would in fact be worth only 50 cents on the dollar in gold in our own markets.

Confessedly this would be the inevitable situation if we were on a silver basis, and where is the American who will say that this would be satisfactory to him? Where is the farmer or manufacturer who would be satisfied with his lot under a government whose measure of values is so delusive that when he takes his surplus products into the markets of the world, where their value would be measured by the world's standard, he gets only half price for them? What American could view with equanimity his American citizenship if American currency were worth but half price? In short, what American would be satisfied if the currency of his country were not equal in value to the best currency on earth? I think everyone will agree that if we were on a silver basis the above is a fair statement of the disadvantages we would labor under at the present time in our commercial intercourse with the rest of the world. But the situation would be far more humiliating and unsatisfactory right here at home.

Instead of 4 per cent United States bonds selling at 10 and 12 per cent premium for gold, an 8 per cent bond could not be sold at an equal or greater discount, and at that be paid for in a currency worth but 50 cents on the dollar in the commercial marts of the world.

TESTIMONY OF BOND SALE.

The bond sale now in progress, though discreditable enough to the economic and administrative policies which have made it necessary, yet bears eloquent testimony to the faith of the American people in the honesty of the future American dollar; testimony also to the faith of all the commercial nations of the earth whose gold is to-day finding its way to the United States Treasury

in exchange for these bonds payable in coin. Think you, Mr. Chairman, the American people or the capitalists of Europe would take these bonds at this low rate of interest and high premium if they believed this country was to go on a silver basis and pay them when due in a currency of one-half the value of gold? Nay, nay. Then think of another thing. What sort of people would we be to do that thing? How, after it, could one American ever look another in the face when the subject of national honor or of public faith was mentioned?

But, saying nothing of the virtue of keeping faith with all classes of our security holders, let us for a moment see what the effect of a debased currency would be upon the working millions who, "in the sweat of the face," eat their bread. With the present disparity in the commercial value of the two metals, every dollar of the \$579,400,907 of gold would be withdrawn from circulation and would become a commodity. It would be at a premium of 2 to 1. And who will describe the disastrous effect on the business of the country by the withdrawal of just about one-fourth of our entire circulating medium? And who will complete the picture and tell us of the business and financial collapse sure to follow such contraction; of the mills and factories closed, and of the workingmen hungry and cold in the street? And, worst of all, who will describe the disconsolate, the pitiable condition of the American people from whom business confidence and honor, the very first jewel in the crown of confidence, have alike fled? And think of an intelligent, spirited people trying to do business with a 50-cent dollar! Pitiable spectacle indeed, but sure to follow such a large and certain contraction of our circulating medium, and from it, except a return to an honest dollar, there would be but one escape, and that to the bottomless morass of paper issues, the evils of which would be worse even than those of contraction.

But, Mr. Chairman, this condition of things will never come to the American people.

They understand too well the advantages of a sound, stable currency; in fact, its necessity to individual and national prosperity, and especially its necessity in all foreign transactions.

But some of the free-silver advocates deny that free coinage

would carry the country to a silver basis; while others, at least in private conversation, admit that it would, and say: "It is just what is wanted. As a debtor nation we would then be able to discharge all of our public obligations with half the value now called for; and at the same time the debtor class would be enabled to discharge their debts with cheap money; and though this were done, the capitalist and bondholder would have all they ought to have, and the struggling masses would be relieved of disproportionate burdens." But I deny, sir, that the sturdy yeomanry of this country or the debtor class ask for or would accept any such scheme of repudiation as this. They believe in keeping faith with all men. [Applause.]

They know that a depreciated, debased currency would surely bring evils far outbalancing any slight advantage they might gain in paying their debts in a dishonest dollar of half the value of the one they promised the creditor when the debt was contracted. I say the honest, sturdy manhood of this country would indignantly spurn any such proposition, and will have nothing of it.

EFFECT OF FREE COINAGE OF SILVER.

But for just a moment to the question: Will the free coinage of silver at the present ratio of 16 to 1 carry the currency of this country to a silver basis?

First of all, let me ask you to keep in mind the fact that the value of the silver in our standard silver dollar of $371\frac{1}{4}$ grains is only 50 cents, and that the silver dollar in circulation and the certificates and Treasury notes representing the silver in the Treasury, amounting in all to a little over \$600,000,000, are now kept equal with gold only by the arbitrary fiat of the Government, whose settled policy as solemnly declared by the act of 1890 is to keep the two metals on a parity. Think of it! Six hundred millions of 50-cent dollars are to-day being kept equal with gold by the strong right arm of public faith; and the fact is it is just about all the strain the public credit will bear, especially when coupled with the trouble the evergreen greenback is giving us. The truth is the Government is now only barely keeping itself from a silver basis by frequent sales of bonds for gold.

In the face of all this who doubts if this free-coinage amend-

ment were adopted it would take us at once to a silver standard and we should at once be a 50-cent people?

This would be inevitable, as will be seen by following for a moment the practical workings of free coinage. What a field it would open to the speculator and the money changer. All one would have to do would be to possess himself with 50 cents' worth of silver and take it to the United States mint and have it rounded off and stamped a dollar. Five hundred dollars' worth of silver taken to the mint would come out in the form of 1,000 silver dollars. Now, on the supposition that the Government could keep the silver dollar and gold dollar on a parity, what a chance for profit this would offer. All the man with the 1,000 silver dollars, which cost him but \$500, would have to do would be to exchange them for a thousand gold dollars (which he could readily do, if they were kept on a parity) and go into the open market and with these 1,000 gold dollars buy enough silver bullion, when backed up to the United States mint, to turn out 2,000 silver dollars, and on every one would be found the legend "In God we trust." And so this man could go on doubling his money in every transaction in regular geometrical progression; the key of success all the time being, of course, that the two dollars could be kept by the Government on a parity, and not only as against this single man, but as against all the world. The very statement of the case demonstrates the impossibility of the Government to do any such thing, however determined it might be in the undertaking.

EFFECT ON THE POOR MAN'S MONEY.

Authorize free coinage at the ratio of 16 to 1 and silver would at once become the standard of value. Gold would instantly go into hiding. Every dollar would disappear from circulation and would become an article of merchandise, worth twice its former value, not in the markets of the world, but here in the United States, when measured by the silver standard. And this is how free coinage would affect the poor man's money, which is confessedly silver, as his transactions are all small, and how also it would affect the rich man's money, which is said to be gold; and much has been said on this point, as though the poor man's money would be benefited by free coinage.

But it will at once be seen that while the international value of gold would remain right where it is now, its local value would be somewhat enhanced by its attitude as a commodity, always desirable, and also because it is at the same time money which those engaged in foreign transactions must surely have, while silver, no longer kept equal with gold, would go straight to its commercial value, one-half what it is now; and who fails to see that it would be not the rich man and his money, but the poor man and his money that would be placed most at a disadvantage?

But in the grand collapse that would surely follow the contraction by withdrawing \$579,400,907 of gold from our circulation and in adjusting values to the new standard the poor and rich would suffer alike, but the poor would suffer most. The workingman, paid in money of half value, whose purchasing power has been reduced by one-half, could make himself whole only by having his wages doubled; but how long would he have to work and wait before his employer could be got up to the point of paying him \$2 per day instead of \$1 as now? In the little State of Vermont the deposits in the savings banks, which represent the small savings of the working man and woman and the small yearly balances of the farmer and mechanic, amount to \$29,430,697, and in the whole United States to \$1,810,597,223.

Now, if this country were to go to a silver standard, every dollar of this vast sum, which when deposited was as good as gold, would be worth but 50 cents to the depositor. Then there is the untold amount due from life insurance companies, aggregating thousands of millions, every dollar of which thus far paid to the companies in premiums was of full value, but if on a silver basis when paid out to the widows and orphans at such time as death should claim the husband and father it would be a 50-cent dollar. The pensioner's dollar would be worth but 50 cents; and so illustrations might be multiplied to show that the evils of a depreciated currency would fall heaviest, not on the wealthy, but on those of slender means.

It is true, however, that the creditor class whose obligations are not written in gold would, under a silver standard, be enabled to settle their debts in silver. But this would be a kind of repudiation which no honorable man asks or would accept.

A SIGNIFICANT FACT.

And here let me state a significant fact. It is this: In all the Rocky Mountain States, the so-called silver States, a contract payable in gold is a very common thing. And it is even said that those who are the most able and eloquent in the advocacy of free silver have carefully taken their contracts in gold, so that when the disasters of a debased currency shall come and all be whelmed in general shipwreck, these gentlemen may then clutch this anchor of gold, thus with selfish prudence cast to windward.

I do not say that any one of the gentlemen who are factiously standing in the way of wholesome legislation in another place holds contracts payable in gold, but it would be quite remarkable if every one of them was not interested, directly or indirectly, in such contracts—they are so common in their section; and whether they hold them or not, their constituents, the men behind them, do, and their very prevalence shows two things: First, an admission that the free coinage of silver will carry the country to a silver basis; and second, it shows that these gentlemen are not willing to stand by the consequences of their own doctrines—are not willing, in common phrase, to take their own medicine.

Why, in the State from which I come such a thing as a contract payable in gold would be a rarity indeed, and so it is through all the Eastern and Middle States. The people there are satisfied with silver and the paper representing silver, because they know the Government is pledged to keep all its money, silver and gold and paper, on a parity, and they have faith that the Government will do this. And I tell you, Mr. Chairman, the Government will do it. The people of this country will see that it is done. The American people have not yet become so demoralized by their own false philosophy on the subject of silver coinage as to want their contracts payable in gold. This particular phase of insane selfishness is peculiar to the people of the Rocky Mountain States, and they are welcome to a monopoly of it. And here is another notable thing about these Rocky Mountain States. You may pick out eight of them which have sixteen Senators in the United States Senate—I will not name the eight; but they have a total population less than that of the city of New York, and a total assessed

valuation also less than the valuation of that city; in fact considerably less than one-half as large.

And first and last into every one of those eight States, and several others might be added to the number, have gone hundreds of thousands of dollars from the city of New York, and hundreds of thousands of dollars also from every one of the States east of the Mississippi River and north of the Ohio, which have never returned and never will return; which, in fact, have never been heard from except in the crop of statesmen who have come up here to dictate lessons in finance to their unpaid creditors, and not in finance alone, but upon the subject of tariff and revenue as well.

But, Mr. Chairman, this fact should not be taken as derogating from the right of these States to be heard, and respectfully heard too, on every public question. And I only allude to it as one of the devious and unaccountable things brought in by the "whirligig of time."

ROCKY MOUNTAIN WISDOM.

And it does seem remarkable that this family of young Commonwealths should possess a wisdom on the subjects of currency and finance and public revenue so far above and so completely at variance with the opinions and judgment of the older States from whose loins they sprung, and who have really nursed them from small beginnings into Statehood—I say it does seem remarkable, in fact anomalous, that this Rocky Mountain wisdom, which spurns all counsel from the experience of the world and closes its ears to the entreaties and expostulations of the older States, should be imperative in its demand for the free coinage of silver at 16 to 1 as the price of much-needed legislation to provide revenue and preserve the credit of the Government. [Applause.]

Verily there must be something in the atmosphere, or perhaps in the meat which our friends do eat, in that wild Rocky Mountain region, which gives them an inspiration wholly beyond the comprehension of ordinary mortals who live on a lower diet and amid milder scenes. But there is one thing the East will very likely have learned from this experience, and that is that its loanable funds will be safer nearer home, and safer, too, with a people not subject to fits of inspirational philosophy on the subject of finance. [Laughter.]

AMERICAN BIMETALLISM.

But, Mr. Chairman, enough as to the incomprehensible wisdom of our free-silver friends; and in closing, just a word as to American bimetallism.

Bimetallism, from the very nature of the case, encounters some difficulty not found in the single gold standard, such as the varying value of the two metals. But this difficulty is surmountable, and the system in the hands of the intelligent and honorable American people is not only practicable, but, in my opinion, best. I am, in short, a bimetallist.

There can, of course, be but one measure of value, one yardstick, and the term "bimetallic standard" is a misuse of language, as it will only apply at such times, not often happening, as the commercial value of the two metals is in exact accordance with the established ratio. Hence the fathers in disposing of this question avoided the term "bimetallic standard," but did decide that the unit of value should rest on both gold and silver. This is clearly shown by Jefferson's words in approving Hamilton's report on the mint in 1792. He said: "I concur with you in thinking that the unit of value must stand on both metals." It was so placed, and after careful inquiry in all the markets of the world as to the value of each metal the ratio was fixed at 15 to 1. And thus did these great minds of that day, in fact, these great minds in all American history, help establish American bimetallism. They had put the two metals as yokefellows into the Constitution as the only lawful legal tender, and when the question of minting money was reached, they were still kept together as the basis of the unit of value. And to this day they are yokefellows in the system of American bimetallism.

It is true just now the whole load is drawn by the gold ox, and it would perhaps hardly be worth while keeping the silver fellow along, only that there is a prospect that a little later he will do his share of the work. Now, it would seem to most people that the particular friends of this silver ox ought to be thankful that Uncle Sam keeps him in the team at all; that he does not, in short, knock him in the head and go on and leave him. But what has been, may be again. Prior to 1834 gold was at a premium and did not

circulate, and the silver ox pulled the whole load. Gold was then behind, the same as silver is now. But in that year the ratio was changed to 16 to 1, and from that time to 1873, of which I will speak in a moment, silver was at a premium and gold alone was coined. The recollection of this ought to beget within us a little patience for the worthlessness of the silver yokefellow now.

SILVER NOT DEMONETIZED.

But the silverites claim that Uncle Sam has not given him a fair chance. They say silver was demonetized in 1873. I deny it. Not a dollar of silver was deprived of value or withdrawn from use as money, and nothing short of this constitutes demonetization. It is true, in 1873 the further coinage of the metal was suspended, and that act has been denounced as a crime clandestinely committed.

Let us see about this. The proposition was before Congress for three sessions, was reported upon and debated like any other measure, and finally became a law, because, though in that very year of 1873 while the silver product of the United States was \$35,750,000, no silver dollars were then being coined or had been for several years for the reason that 16 ounces of silver were worth in the market more than an ounce of gold. It was more profitable to dispose of it as bullion. Now, how could silver have been hurt by stopping its coinage when none was being coined? It was not hurt. Very soon, however, from various causes, principal among which was the demonetization of silver by the great powers of Europe, silver went down in value, and there at once arose a cry that the United States mints be opened.

WHAT UNCLE SAM HAS DONE FOR SILVER.

Uncle Sam heard the lowing of his silver ox, and in 1878 the mints were opened to the coinage of not less than \$2,000,000 per month, and in the twelve ensuing years 363,646,517 silver dollars were coined and certificates issued thereon to relieve the American people of the burden of over 13,000 tons dead weight in making their exchanges. But meantime the production of silver increased, especially in the United States, and the price still went down; and in 1890 silver was still further provided for by authorizing the purchase of something more than the entire American product at

the rate of \$4,500,000 per month, and out of that purchase enough was coined to redeem \$155,931,002 in Treasury notes, still further carefully relieving the people from carrying around between four and five thousand tons more of silver money in their pockets, thus making a grand total of \$606,332,053 of silver and its paper representatives now in circulation in the United States, including subsidiary silver; over \$26,000,000 more of silver than of gold, and every dollar kept as good as gold, though its actual value is only 50 cents.

Now, this is what the American people have done and are doing to-day for silver. And yet our Rocky Mountain friends tell us it is demonetized. What effrontery, and how given to romance these gentlemen are! Mr. Chairman, the plain people are getting tired of this silver agitation. They are beginning to understand how utterly groundless is the pretense that silver is stripped of its function as money. They are beginning to see how idle and empty is all this rant and buncombe about gold bugs and plutocrats. They are beginning to understand that, more than the rich, they themselves are interested in a sound, stable currency.

In short, they are beginning to see that Uncle Sam has done all he could safely do for silver; and that he is to-day carrying a burden that almost breaks his back. I say, the people are beginning to understand this everywhere, North and South, East and West, and even out among the Rocky Mountains. And let me say in all kindness to my friends from that section that before they know it they will find the people in that region repudiating the free-coinage craze as likely to multiply their troubles rather than bring relief, and as disreputable and disadvantageous to them in their relations to the rest of the country and to the world.

GOLD MONOMETALLISM NOT WANTED.

Some one may ask, why not cast out, neck and heels, this worthless silver yokefellow and go to the gold standard? Now, this man would be a gold monometallist and a rich man, or the associate of rich men, or a crank off the same piece with the silver crank. [Laughter.]

And, Mr. Chairman, gold monometallism would be attended with many of the same evils as silver monometallism. It would

work a like contraction of our circulating medium to the extent of our entire silver coinage and deprive the poor man of the very money best adapted to his use. And this must not be thought of for a moment.

We must keep the silver ox in the team if we can keep the breath of life in him. I know a double team as the basis of the unit of value is, in many respects, a troublesome one, and can be made successful only by skillful, careful, honest handling; but this the American people are equal to. Besides, the fathers started with this double team, and the American people have prospered with it as no other people on earth. The Republican party is committed to it; in fact, has always stood for bimetallism, and has always been in favor, and is now, of the largest possible use of silver consistent with keeping the two metals together. But a point has been reached when not another dollar of silver can be safely coined under existing conditions. And this our silver friends must understand once for all.

INCREASED PRODUCTION OF GOLD PROMISES RELIEF FROM TOO MUCH SILVER.

But what is the prospect that the silver ox, truly in a most dilapidated condition just now, will ever again be able to take a healthy part in the work of the team?

Mr. Chairman, it is most promising, indeed. It is found mostly in this single fact, viz, that the world's production of gold is rapidly increasing, while that of silver is remaining just about stationary.

The world's product of gold in 1894 was \$180,626,100, while in 1895 it was \$200,000,000, a gain of almost \$20,000,000 in a single year, while the commercial value of the world's product of silver in 1895 was just about the same as in 1894, viz, \$106,522,900.

In our own country, however, the change is far greater. There has been a steady decline in our silver output since 1892 from 63,500,000 ounces, worth \$55,563,000, in that year, to 49,500,000 ounces in 1894, worth \$31,422,000. For 1895 the product was but 46,000,000 ounces, worth \$29,500,000, a decrease in three years of 16,500,000 ounces, a loss of more than one-fourth the output in 1892, and a loss in commercial value of almost one-half.

Whereas in the same three years the output of gold in the

United States has increased from \$33,000,000 in 1892 to \$39,000,000 in 1894. In 1895 the product was \$46,500,000, a net increase in these three years of \$13,500,000, considerably more than one-third of the entire output in 1892.

At the same rate of increase of gold and loss of silver for the next three years, and there is every prospect of it, the United States will be producing \$60,000,000 worth of gold and only 29,500,000 ounces of silver, worth at present price only \$19,765,000—less than one-third the value of the gold product.

Mr. Chairman, think of this country producing, as it will within the next three years, gold of more than three times the value of its silver product, and that, too, from the bowels of the Rocky Mountains; and then think how the people out there, and their representatives in the two Houses here, will wonder and blush, and blush and wonder how they could ever have had the gall to so vociferously demand the free and unlimited coinage of a 50-cent dollar.

The figures already given show an increase in the world's gold product of 1895 of \$20,000,000, and that the total value of that product was just about twice the value of the silver product, which is practically stationary. Now, at the same rate of increase for the next five years the value of the world's gold product will be three times that of silver; and in ten years four times that of silver. And who fails to see that this increased production of gold must tend to bring the two metals together throughout the world. And in my mind there is no doubt this increased production will continue, for the heart of the world is to-day set on gold mining as never before, and through improved machinery and new chemical agents and processes ores heretofore worthless are now profitably handled. It also has the further advantage, that the product, being itself the measure of all other values, is never at a discount. Gold mining to-day is the most alluring and the most profit-promising field open to adventurous and enterprising manhood. The gold prospector with his pack and pick is camped on every mountain slope from the Yukon to the Rio Grande, while the story of the South African gold fields reads like a tale from the Arabian Nights. Surely this all promises largely increased production of gold.

And who does not know that supply and demand regulate the price of these money metals the same as of every other commodity? And when gold shall become so plenty and silver so scarce that 16 ounces of silver are worth more than 1 ounce of gold then silver will become the measure of value, so far as our coinage is concerned, the same as it was prior to 1834. Then, Mr. Chairman, the silver steer will be the likelier one of the two. He will move up to first place in the team and the gold bug will go behind.

THE GOLD CURE.

Mr. Chairman, it is said by naturalists that for every human ill there is some antidote; like varioloid and vaccine for the smallpox, sulphur for the itch, and the gold cure for the liquor craze. And here we will have for the silver craze the gold cure also. All hail the gold cure! It is sure to come. It will cure those in this country who want more silver, and at the same time those in other countries who want less silver. And meantime all we have to do is to hold down our frantic silver friends till the cure shall take effect. [Laughter.]

It will inevitably bring the nations together at no distant day upon a fixed ratio for the coinage of the two metals, which the world really wants and which the world will have.

The rich man and the monopolist may want gold monometallism, but the masses do not, and they will never consent that one-half of the money of the world be turned into merchandise. There is really none too much for the needs of man when both metals are fully utilized.

INTERNATIONAL BIMETALLISM.

I do not say that increased production of gold alone will force the nations to bimetallism, for left to herself I expect England would still cling to the gold standard.

But there is a greater than England in the earth. The young giant of the Western Hemisphere, whose money is silver and gold, the money of all history, both sacred and profane, will have a word to say before either metal shall go to the melting pot as a mere commodity. There are many ways in which we can make our influence felt. The whole world wants to trade with us and will naturally respect our views. And if we are only true to bi-

metallism now, and demonstrate the practicability of the system by preventing our silver friends from carrying the country to the silver standard—and we are surely going to do it—and thus keep our public credit in this time of great trial free from spot or stain of any kind we shall have some influence in the next international conference. And with the metals near each other in commercial value, international bimetallism on a fixed ratio is something I hope, nay something I expect, to live to see. And when the time shall come that American coins of both metals shall pass side by side as yokefellows through the capitals of Europe, will it not indeed be a great day for American bimetallism and American statesmanship? [Applause.]